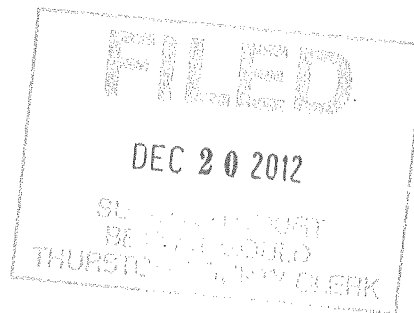


☐ EXPEDITE
☒ No Hearing Set
☐ Hearing is Set:
Date:
Time:
Judge Lisa Sutton



STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT

MIKE KREIDLER,
INSURANCE
COMMISSIONER,

Petitioner,

v.

GREAT REPUBLIC LIFE
INSURANCE COMPANY, a
Domestic Insurer,

Respondent

NO. 11-2-01494-8

EX PARTE

PETITION TO DISCHARGE
THE RECEIVER

I. INTRODUCTION

On July 7, 2011, this Court entered a Stipulated Order Commencing Rehabilitation Proceedings For The Purpose Of Selling a Domestic Insurer ("Rehabilitation Order"), placing Great Republic Life Insurance Company ("Great Republic") into receivership and rehabilitation proceedings pursuant to Chapters 48.31 and 48.99 RCW. At this time, the causes and conditions which made rehabilitation necessary have been corrected and removed. Therefore the Receiver¹ by and through his attorneys of record, ROBERT M. MCKENNA,

¹ Throughout this petition, the term Receiver collectively refers to Mike Kreidler, Insurance Commissioner of the State of Washington and Statutory Receiver of Great Republic, James T. Odiorne, Deputy

1 Attorney General, and MARTA U. DELEON, Assistant Attorney General, files
2 this Petition for this court for an Order Discharging the Receiver.

3 II. FACTS

4 Great Republic Life Insurance Company ("Great Republic") was
5 incorporated in 1965 as a stock life insurance company. Since 1998,
6 Great Republic's financial condition has been troubling. In the months prior to
7 being placed in receivership, Great Republic demonstrated declining reserves,
8 negative cash flow, and eventually inadequate capital and surplus. Neither
9 Great Republic nor its holding company, Empire Insurance Agency, Inc.
10 ("Empire"), were able to raise the funds required to maintain Great Republic's
11 capital and surplus levels at the required statutory minimums. Great Republic's
12 Board of Directors consented to this Receivership, and this Court entered the
13 Rehabilitation Order, placing Great Republic into receivership on July 7, 2011.
14 Rehabilitation Order, Exhibit A.

15 On September 30, 2011, this Court entered the Order Approving The Sale
16 of Great Republic Life Insurance Company ("Approval Order"), which included
17 the Receiver's rehabilitation plan. The rehabilitation plan included the
18 acquisition of Great Republic's policies and assets by United Security Assurance
19 Company of Pennsylvania ("United Security"), a company with sufficient and
20 stable capital to support the policyholders' contracts. United Security acquired
21 Great Republic's assets, including the entire book of business and most of Great
22 Republic's assets, in exchange for United Security's assumption of all liabilities
23 related to the policies. The Receiver has taken all necessary actions to effect the
24 closing of the acquisition of Great Republic's assets. The acquisition closed

25 _____
26 Insurance Commissioner and Court-appointed Receiver of Great Republic, and Marshall McGinnis and Ron
Pastuch, court-appointed Deputy Receivers of Great Republic.

1 effective January 31, 2012. The Receiver has satisfied all post closing
2 obligations.

3 The rehabilitation plan included the eventual surrender of Great Republic's
4 certificates of authority to all issuing jurisdictions. That has been done, and all
5 issuing jurisdictions have withdrawn or accepted the surrender of
6 Great Republic's certificates of authority. Without policies or a certificate of
7 authority, Great Republic is no longer an insurer, and no longer subject to the
8 capital and surplus requirements that are the grounds for this receivership.
9 Therefore, all the conditions necessitating a receiver have been removed.

10 Further, as the Receiver has processed the claims filed by Great Republic's
11 creditors, he determined that all of known creditors of Great Republic, including
12 all jurisdictions entitled to premium taxes, could be paid, and has disbursed all
13 available funds in the estate. At this time, all of Great Republic's known
14 creditors and known claims have been paid.

15 Because the sale approved by this Court has been closed, Great Republic's
16 policyholders have been placed with a licensed and solvent company,
17 Great Republic's known creditors have been paid, and Great Republic no longer
18 has authority to issue insurance, there is no longer any need for this receivership.

19 III. THE LEGAL STANDARD

20 The Insurance Commissioner as Receiver is obligated to "correct and
21 remove the causes and conditions which made rehabilitation necessary and, if
22 possible, to conserve and restore the company to a viable status for the benefit
23 of the policyholders." *Kueckelhan v. Federal Old Line Ins. Co.*, 74 Wn.2d 304,
24 315-316, 444 P.2d 667, 674 (1968). The Receiver is afforded broad discretion
25 in this endeavor. The Court, in its supervisory and reviewing role, should only
26 refuse to confirm the Receiver's actions if it is determined that he is manifestly

1 abusing his authority and discretion or engaging in a capricious, untenable or
2 unlawful course. *Kueckelhan*, 74 Wn.2d at 316.

3 Here, the Receiver's actions protected policy holders to the greatest
4 extent possible, ensured payment of all known claims, and have eliminated the
5 possibility that the conditions leading to this receivership will be repeated.
6 Pursuant of the terms of the sale and Approval Order, the Receiver has no
7 remaining duties with respect to the receivership of Great Republic and may be
8 fully and finally discharged. As provided in the Approval Order, the Receiver
9 has provided notice of this petition to all interested parties, and is authorized to
10 request that the Court enter this *order ex parte*.

11 IV. CONCLUSION

12 The Receiver has satisfied his obligations Chapters 48.31 and 48.99 RCW
13 in this matter, and has corrected and removed the causes and conditions which
14 made rehabilitation necessary. Therefore the Receiver has no remaining duties
15 with respect to Great Republic and may be fully and finally discharged, after
16 returning the corporate shell and corporate records not related to the insurance or
17 receivership operations to Empire, the owner of the common stock of Great
18 Republic.

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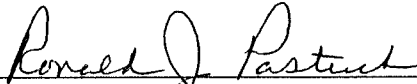
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VERIFICATION

I, Ronald J. Pastuch, Court-appointed Deputy Receiver of Great Republic,
am over 18 years of age and do solemnly declare and affirm that to the best of
my knowledge and belief the facts recited in this Petition are true and correct.


DATED this 20th day of December, 2012.



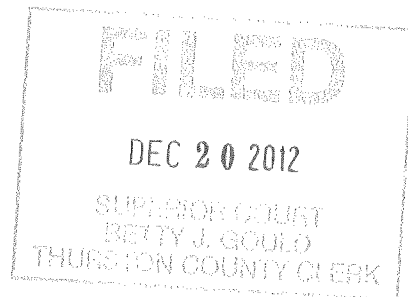
Ronald J. Pastuch,
Receiver for Great Republic

RESPECTFULLY SUBMITTED this 20th day of December, 2012.

Robert M. McKenna
Attorney General



Marta U. DeLeon, WSBA No. 35779
Assistant Attorney General
Attorneys for Office of the
Insurance Commissioner



☐ EXPEDITE
☒ No Hearing Set
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**STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT**

MIKE KREIDLER,
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COMMISSIONER,

Petitioner,

v.

GREAT REPUBLIC LIFE
INSURANCE COMPANY, a
Domestic Insurer,

Respondent

NO. 11-2-01494-8

EX PARTE

ORDER DISCHARGING THE
RECEIVER

ORDER

THIS came before the Court on the Receiver's Petition To Discharge The Receiver. This matter is heard ex parte as authorized by this Court in the Order Approving The Sale of Great Republic Life Insurance Company ("Approval Order"), entered on September 30, 2011. The Receiver has provided notice to the necessary parties of the Petition. The Court being otherwise duly informed in the premises, now therefore,

IT IS HEREBY ORDERED, ADJUDGED, and DECREED as follows:

A. The Petition of the Receiver is granted and approved in full, the acts of the Receiver are approved, and the rehabilitation of the estate of

1 Great Republic Life Insurance Company ("Great Republic") is approved and
2 confirmed.

3 B. The receivership estate of Great Republic is hereby closed.

4 C. The Receiver is hereby ordered to return to Empire Insurance
5 Agency, Inc., the owner and holder of the common stock of Great Republic, the
6 corporate shell, and corporate records that are not related to insurance operations
7 or receivership operations of Great Republic.

8 D. The Receiver may retain records related to the insurance or
9 receivership operations of Great Republic pursuant to the confidentiality
10 requirements of RCW 48.31.025, and may use such records as may be necessary
11 for the execution of his duties under statute. Any records retained by he Receiver
12 shall be destroyed after 6 years.

13 E. Upon compliance with the terms of this order, the Statutory
14 Receiver, Receiver and Deputy Receiver, and their employees and agents are
15 fully discharged.

16 *F. This court shall retain jurisdiction for purposes of enforcement
17 of any orders related to this proceeding.*

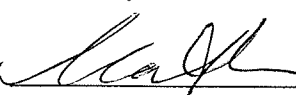
18 **IT IS SO ORDERED** this 20th day of December 2012

19 
JUDGE:

COURT COMMISSIONER

20 Presented by:

21 Robert M. McKenna
22 Attorney General

23 
24 Marta U. DeLeon, WSBA No. 35779
25 Assistant Attorney General
26 Attorneys for the Receiver